

Headquarters Air Mobility Command



AMC Business Efficiency (ABE) Initiative

**Maj Marty Baugh
HQ AMC/LGCO**

Enabling the “Global” in “Global Reach—Global



OVERVIEW



-
- **Background**
 - **ABE Study**
 - **ABE-GPC Initiative**
 - **Schedule and Progress**
 - **Looking Ahead**
 - **Summary**
 - **Q&A**

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AMC BUSINESS EFFICIENCY (ABE)



■ AMC CONTRACTING

■ BUSINESS

■ EFFICIENCY



ABE

Make Every Penny Count!

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ABE

INTRODUCTION/OVERVIEW



- **AMC Initiative to Improve Performance While Reducing Costs**
- **Focus: Improve Processes' Efficiencies**
 - **Do Things Smarter and Cheaper**

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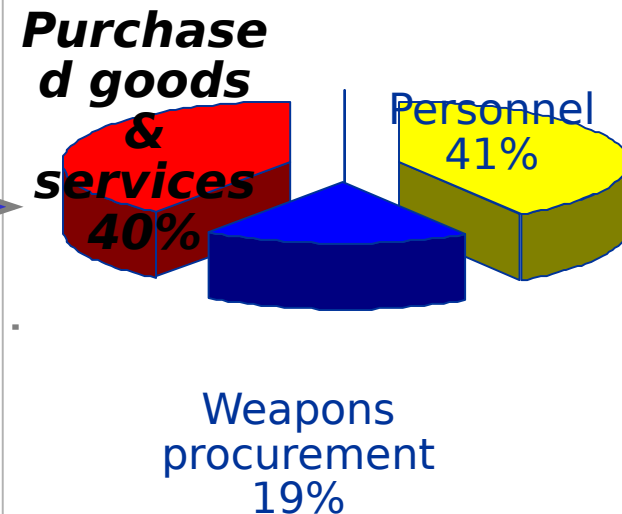
EFFICIENCIES OPPORTUNITY

Purchased Goods and Services



**\$131B
segment**

**FY02 Defense Budget
\$329 billion**



■ **One-third of AF budget =
purchased goods and services**

□ **Large and growing target area for cost
savings**

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SPEND ANALYSIS

Business Intelligence is a Must!



***Government
Purchases***



***Enables Development of Long Term
Strategy***

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MOBILITY SYSTEMS BUSINESS EFFICIENCIES STUDY OVERVIEW



(aka: ABE Study)

- **AMC/LGC-led Study in FY02**
- **Evaluated AMC Purchasing Strategies for Mobility Systems and Operations**
- **Reviewed Opportunities For Increased Efficiencies**

***Across-the-Board
Review***

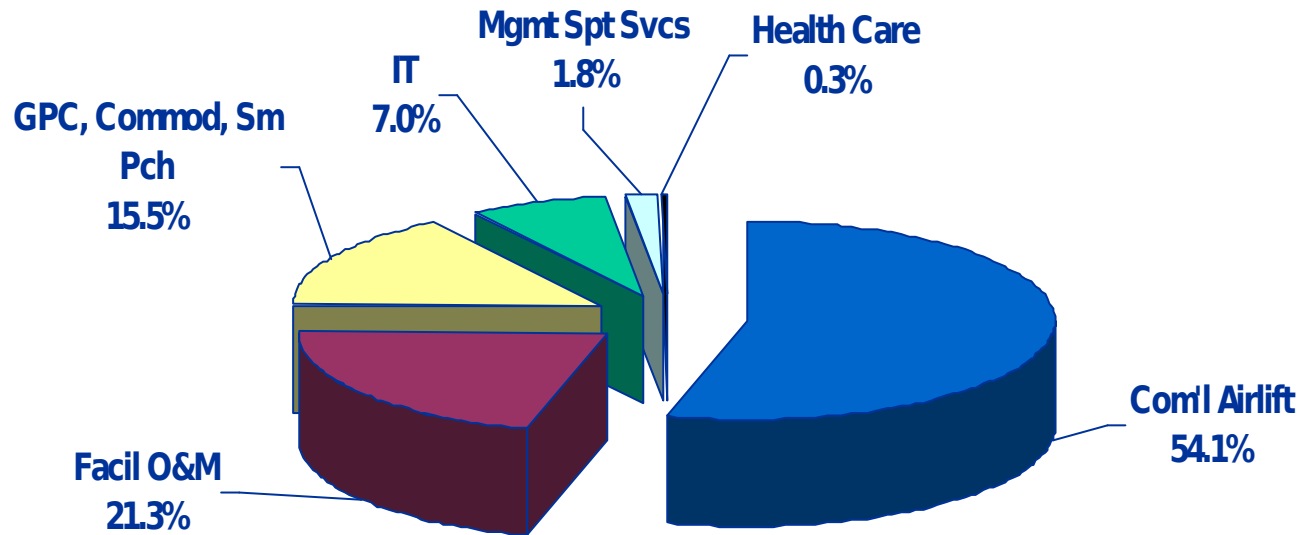
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AMC MAJOR BUSINESS SECTORS



(FY02)



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ABE STUDY FINDINGS



Opportunities to Obtain Efficiencies

- ▮ **Government Purchase Card Buys**
 - **Reduce Retail Buying**
 - **Leverage Volume Purchasing**

- ▮ **Domestic Airlift Requirements Generation—opportunities Exist**
 - **Improved Requirements Consolidation and Forecasting**

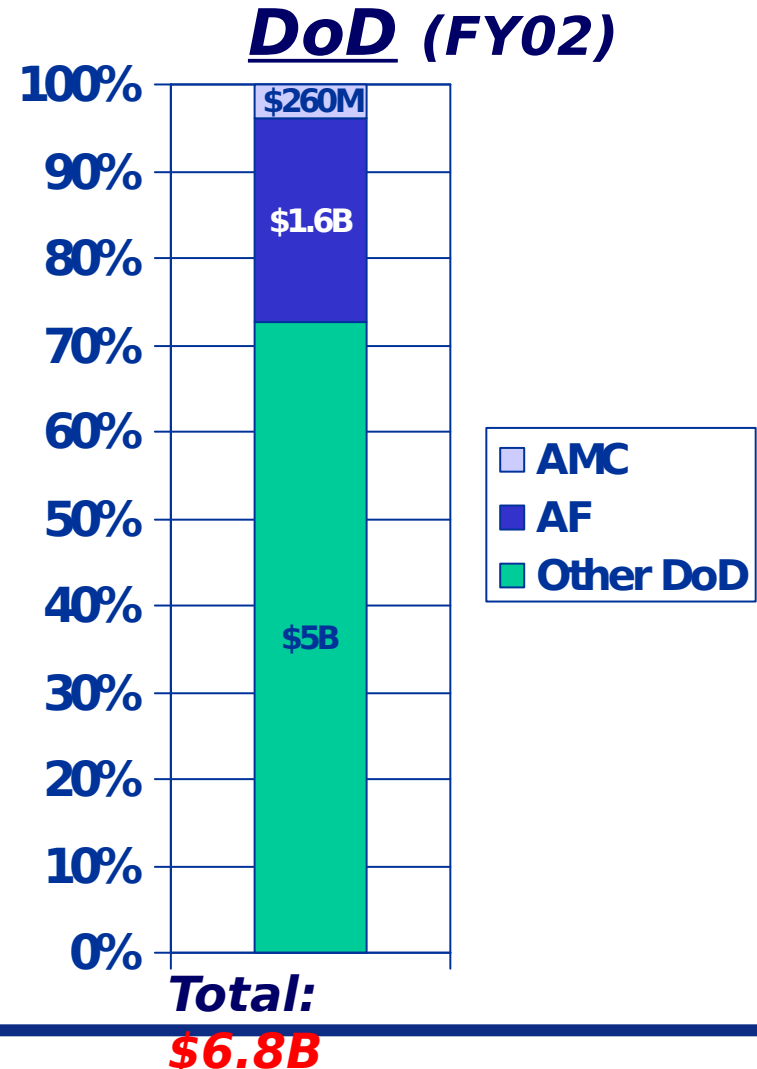


WHAT OPPORTUNITIES?



AF GPC Program

- **FY01: \$1.3B → FY02: \$1.6B**
- **Growing Each Year**
- **Less Than Optimal Efficiency**



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ABE-GPC INITIATIVE



■ Improve Purchasing Strategies

■ Opportunities:

- ▢ Spend More Efficiently
- ▢ Manage the Supplier Base
- ▢ Reduce Cost of Doing Business

■ Dividends: Stretched Dollars



***Less Retail...More
Wholesale***

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Power!"***



ABE-GPC INITIATIVE ACTION PLAN



- **Developed GPC Business Efficiency Initiative Action Plan in June 02**
- **Major Milestones:**
 - **Form AP Team**
 - Completed in July 02
 - **Market Analysis**
 - Completed in Sep 02
 - **Implement Marketing Plan**
 - Began in Jan 03
 - **Institutionalize Initiative/Continuous Training**
 - **Metrics Developed to Track Progress**



ABE-GPC CHALLENGES



- **Procurement Is NOT Cardholders' Main Job/focus—Usually, An Additional Duty**
- **Mandatory Sources Not a Concern to Them**
- **Go for “Easiest” Solution Vs “Smartest”**



ABE-GPC APPROACH



GPC



Partner



DVD

Direct Vendor
Discounts



GSA

General Services
Administration

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GSA ADVANTAGE

Saves Time, Effort, \$\$\$



■ **Cardholders Can Work More Efficiently**

- **Purchases Made From the Desktop**



- **Identifies Mandatory Products (E.G., JWOD, NIB and NISH, and Recyclable Items, Etc.)**

- **Products Shipped Directly to the Buyer / Requester**

- **Prices Average ~15% Less than Retail--Includes Shipping**

 - **Immediate Priority Shipment Pricing Available**

- **Reorders of Recurring Items Are Simple**

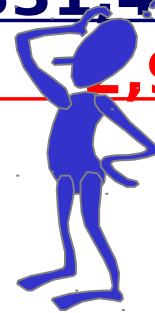
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GPC PURCHASES AMC TOTAL (FY02)



- GPC Total Dollars \$260,331,447
- GSA Advantage Total Dollars \$2,943,004
1.1%



AMC Analysis:

GSA Advantage: Severely Underutilized by Cardholders

Significant Savings Opportunity

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ADDITIONAL OPPORTUNITY



Direct Vendor Discounts (DVD)



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DVD Initiative



■ Untapped Opportunities

- ▮ **Volume Purchases at Patronized Local Merchants Can Be Leveraged to Obtain Price Discounts**
- ▮ **Some Local Vendors Have GSA Contracts And/or BPAs--Most Do Not**
- ▮ **CARE provides Spend Analysis Data on Your Vendors**



DVD OPPORTUNITIES



AMC EXAMPLES

BASE	MERCHANT	FY02 SALES
Andrews	Camp Springs Auto Parts	\$184,822.46
Charleston	Strobel Oil & Tire Co.	\$112,319.44
Dover	Dover Electric Supply Co.	\$144,025.31
Fairchild	Stoneway Electric Supply	\$68,521.16
Grand Forks	Meland Lumber Co.	\$270,731.08
MacDill	Ocean Flooring Inc.	\$129,772.16
McChord	Les Schwab Tires	\$89,887.06
McConnell	Star Lumber	\$76,693.12
McGuire	Fairlite Electric Supply	\$50,947.22
Pope	Batteries Plus	\$73,233.50
Scott	St. Clair Electric Supply	\$124,519.28
Travis	Kings Office Products	\$182,449.18

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ABE-GPC APPROACH



GPC



Partner



DVD

Direct Vendor
Discounts



GSA

General Services
Administration

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GPC ABE Initiative Schedule and Progress

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ABE-GPC Action Plan Schedule



INITIATIVE DATE

GPC Workshop (Train the Trainer).....29-30 Oct 02

AMC/LG Policy letter (E-mail) to the field.....Nov 02

Cardholders' Training Completed (A/OPCs).....On-Going

GSA Advantage "How To" Training Completed.....On-Going

Engage Local MerchantsStart: Feb 03

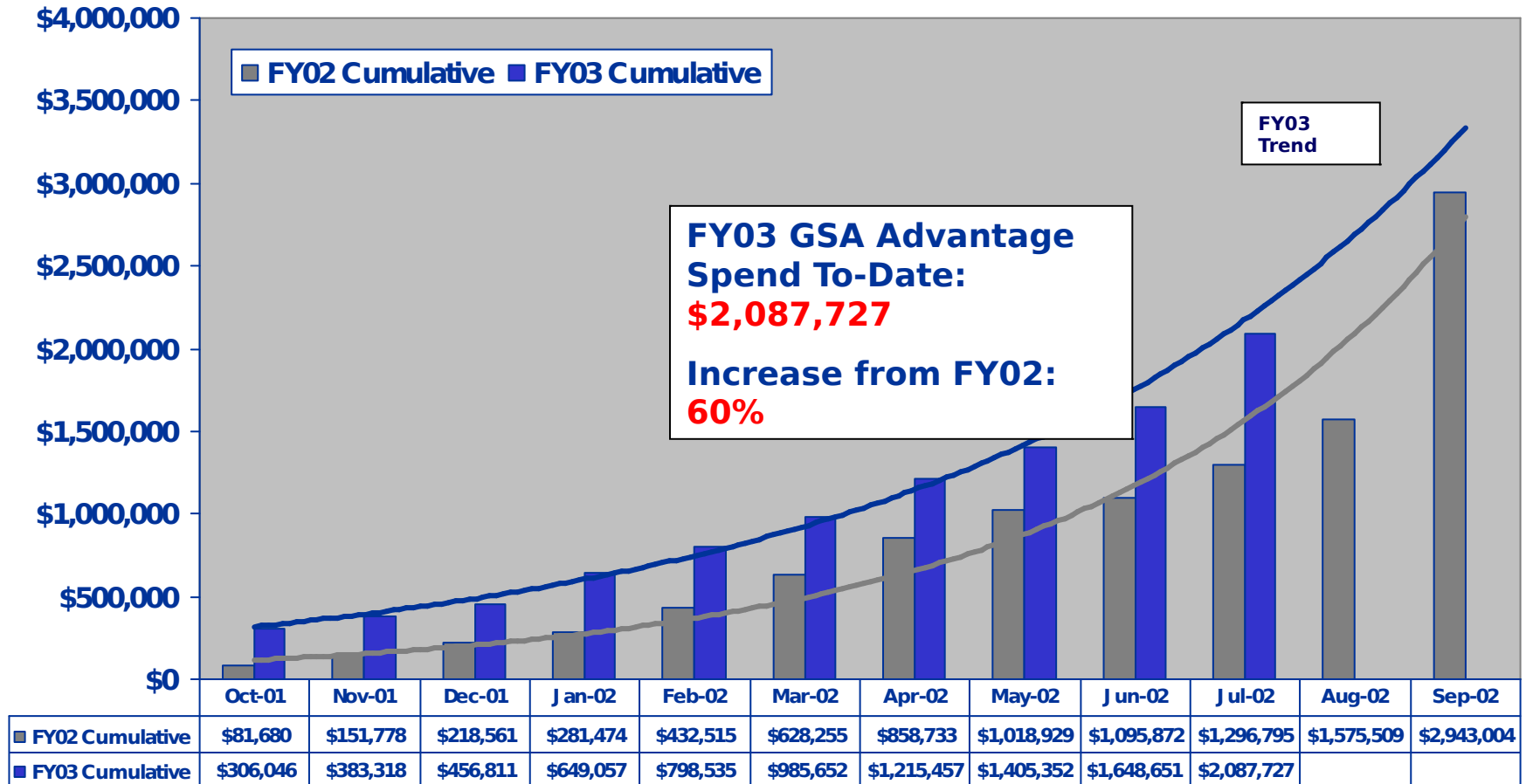
Monthly Assessment / Feedback.....Start: Mar 03

Annual Report.....Jan each Yr

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AMC GPC GSA Advantage Spend



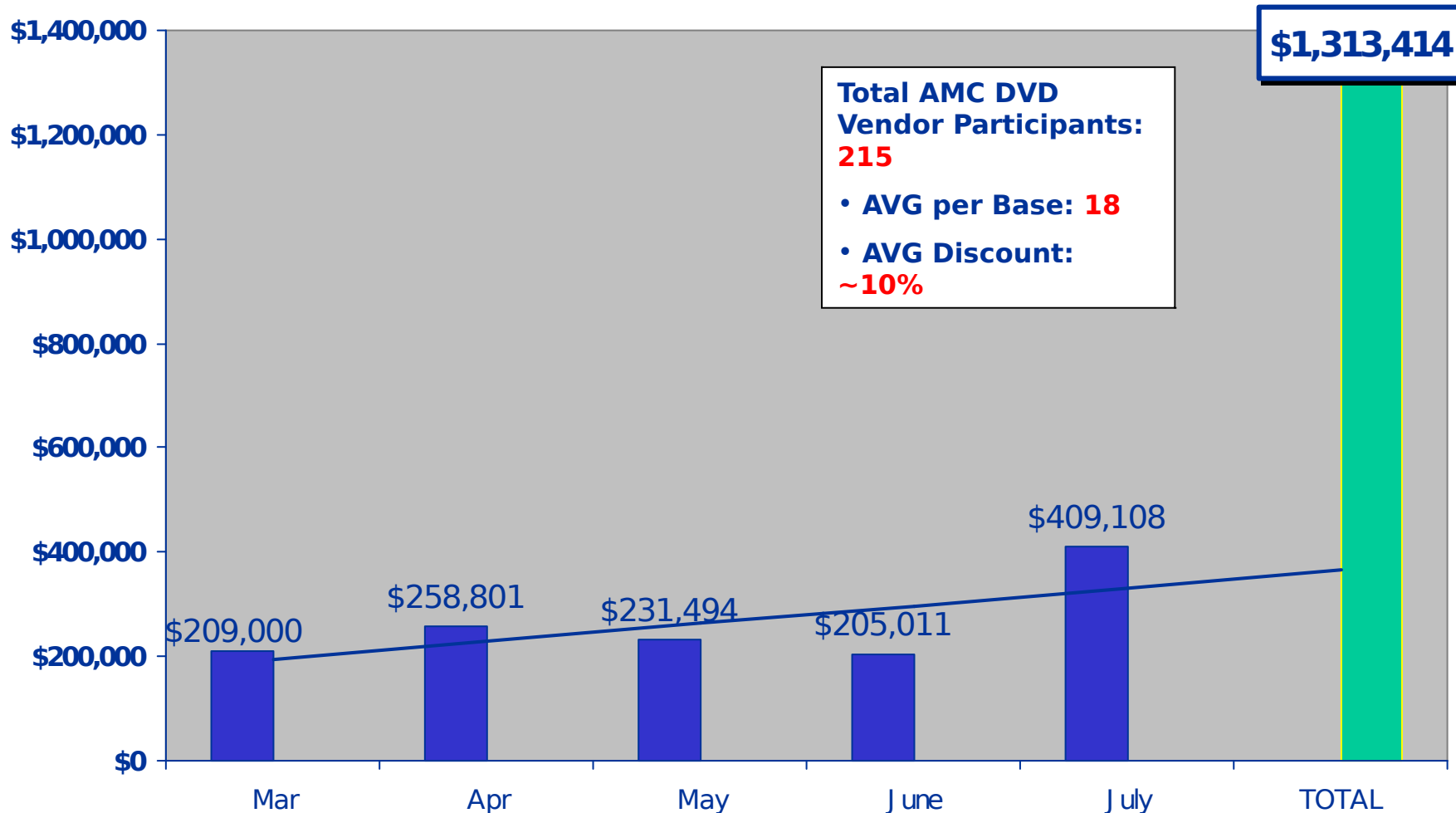
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Direct Vendor Discounts (DVD)



Spend (March-July 2003)

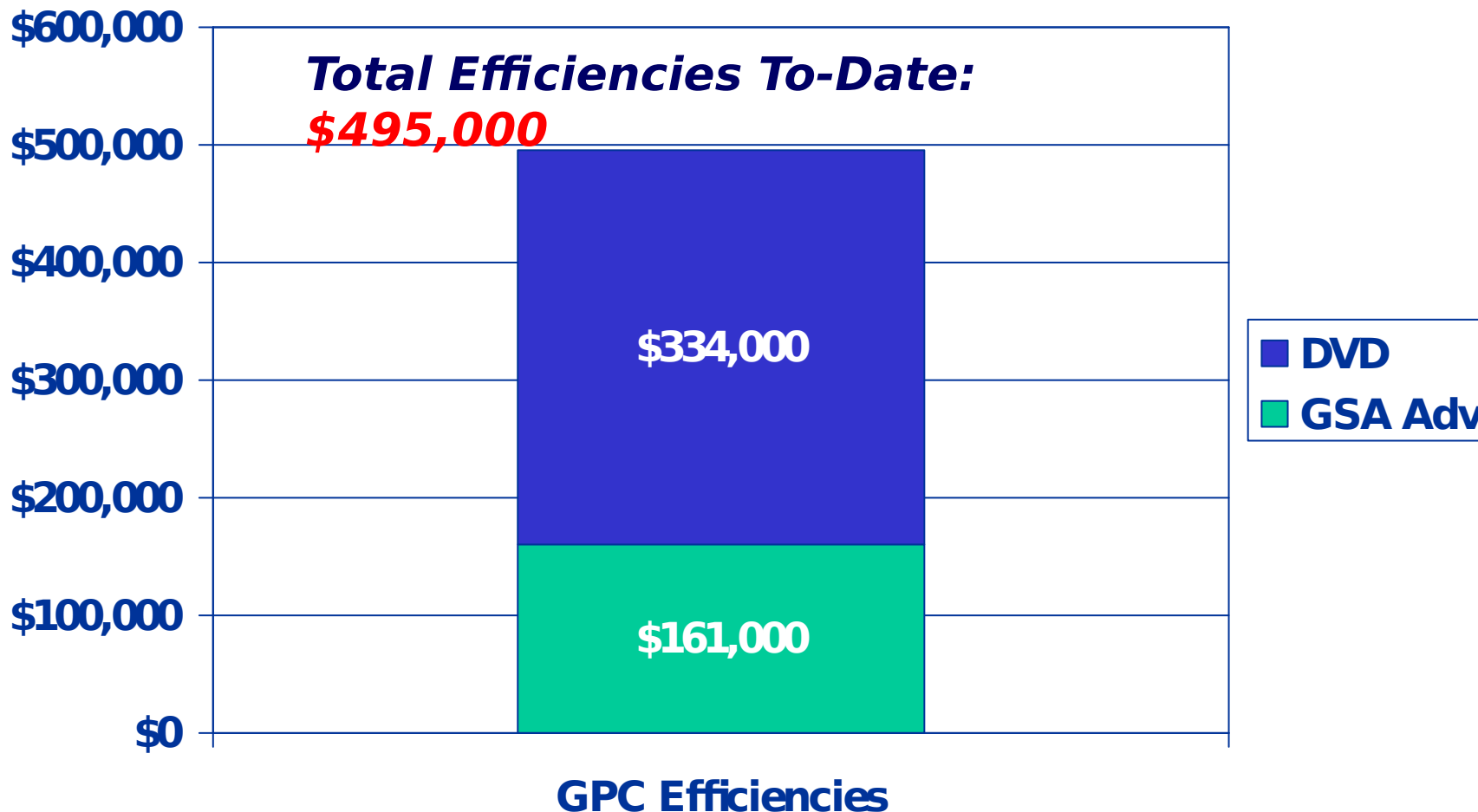


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AMC GPC Efficiencies To-Date

(March-July 2003)



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LOOKING AHEAD



- **MAJCOM Engagement with Nationwide Vendors**
- **Tap/Track Other Current Discount Sources**
- **Continue Engagement with GSA**
- **Search & Implement Other Purchasing Efficiencies Best Practices**



SUMMARY



- **ABE-GPC is Just Beginning..."tip of the Iceberg"**
 - **Good Progress So Far**
 - **Potential for Increased Efficiencies is High**
 - **More Opportunities Are Out There...Ideas/Best Practices Welcome**

- **ABE-GPC Balancing Act: *Increase Carc Purchasing Efficiencies while maintaining GPC Flexibility***



Goal: Greater Purchasing Efficiency

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"By implementing my plan, we
can save 1¢ every ten years."

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AMC ABE Points of Contact



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**We Want Your
Feedback!**

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QUESTIONS?



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Backup Charts

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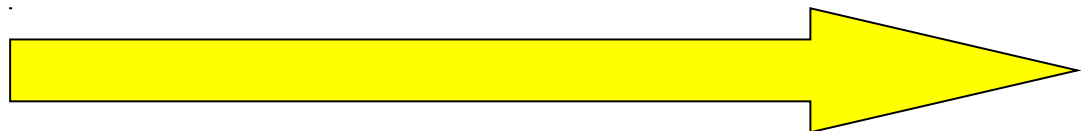
GPC SAMPLE RETAIL PURCHASES



Sample Purchases Across AMC

***Does GSA Really Save Us Money,
as Well as Time/Effort...?***

Yes...Most of the Time



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Power!”***



GPC SAMPLE RETAIL PURCHASES



Boone® Anodized Aluminum Frame Dry-Erase Board, 48" x 72"

List Price \$186.99

Office DEPOT
What you need. What you need to know:

Office Depot Price

~~\$154.00~~



**GSA Advantage Price (from Office Depot)
\$131.99**

Average Savings \$23.00 to

\$55.00 (15%
to 30%)
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GPC SAMPLE RETAIL PURCHASES Cont...



Day Runner Organizer, 5-1/2 x 8-1/2", Black Vinyl w/ zipper

List Price \$81.90

Office DEPOT What you need. What you need to know. .com Price \$61.99

OfficeMax.com .com Price \$62.99



je Price (from Office Depot)



GSA Advantage Price (from Day Runner)
\$35.80
day delivery) **(30**

Average Savings..... \$13.72 to
\$46.10 *Enabling the "Global" in "Global Vigilance, Reach and Power!"* **(22%**



GPC SAMPLE RETAIL PURCHASES Cont...



Post it® Note Pads, 3x3, yellow, 12 pk

List Price

\$16.00

Office DEPOT
What you need. What you need to know.

OfficeMax.com Price

\$ /

Of **STAPLES** .com Price

GSA Advantage!
...Working for the U.S. Government

Staples .com Price
\$7.69

36% Savings with an Alternative Brand/Manufacturer

Enabling the "Global" in "Global Vigilance, Reach and
Average Savings \$.25 to



GPC SAMPLE RETAIL PURCHASES Cont...



Toner Cartridge, HP C4096A, for HP LaserJet 2100 Series

List Price
\$145.00

Office DEPOT
What you need. What you need to know.

OfficeMax.com Price
\$98.99

Office STAPLES .com Price

GSA Advantage!
...Working for the U.S. Government

.com Price
\$98.99

GSA Advantage Price (from Central Tech Inc.)..
\$49.00
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GPC SAMPLE RETAIL PURCHASES Cont...



CD Duplicator, Greystone® Datafast 5pt Turbo Load

CDW-Gov't Price



**GSA Advantage Price (from CDW-Gov't).....
\$6,083.08**

**GSA Advantage Price (from Comark Gov't).....
\$6,055.00
(30 day delivery)**

Average Savings.....\$578.89 to



GPC SAMPLE RETAIL PURCHASES Cont...



8-Drawer Tool Box, Proto®, 8-drawer 27"Top Chest w/ Ball Bearing Slides



Price

~~\$461.50~~



**GSA Advantage Price (from Grainger).....
\$359.98**

Savings.....

\$101.52

(22%)

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GPC SAMPLE RETAIL PURCHASES Cont...



Fluorescent Light, GE® , F40XL/SPX30 Enhanced Warm Tone, Long Life—Case of 30



Price

~~\$16.77~~



GSA Advantage Price (from Grainger).....
\$15.01

Savings..... \$1.76

(10%) Enabling the “Global” in “Global Vigilance, Reach and Power!”